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ACTION ARA-17

INFO OCT-01 ADP-00 IO-13 AID-20 CIAE-00 COME-00 EB-11

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H-02 L-03 NSC-10 PA-03 PRS-01 SS-15 USIA-12 RSR-01

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E. O. 11652: N/ A

TAGS: PFOR, OAS

SUBJ: OAS SPECIAL COMMITTEE: JULY 2 DISCUSSIONS FOCUS

PRIMARILY ON DEVELOPMENTAL ISSUES

SUMMARY: FOCUS OF YESTERDAY' S DISCUSSIONS WAS PRIMARILY IN SUBCOMMITTEE TWO (DEVELOPMENTAL AND RELATED ISSUES) WHERE PERUVIANS MADE LENGTHY PRESENTATION, GIVING PRIMARY ATTENTION TO U. S. LATIN AMERICAN RELATIONS IN ECONOMIC AREA. HOWEVER, GENERAL COMMITTEE ALSO HEARD PERUVIAN EXPOSITION OF PRINCIPLES THAT SHOULD ANIMATE RESTRUCTURED INTER- AMERICAN SYSTEM. END SUMMARY.

1. SECOND COMMITTEE - CONSISTENT WITH PERUVIAN PATTERN, PERUVIAN DELEGATE INITIATED DISCUSSION BY PRESENTING A PANORAMA OF PHILOSOPHICAL AND SUBSTANTIVE ISSUES WHICH PERU WOULD LIKE SPECCOM AND THIS COMMITTEE TO EXAMINE. ALTHOUGH THE EXISTENCE OF CONVERGENT ISSUES WAS RECOGNIZED,

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PRIMARY ATTENTION GIVEN TO THOSE MATTERS INVOLVING U. S.- LATIN AMERICAN DIFFERENCES AND PROBLEMS. POINTS NOT PREVIOUSLY EMPHASIZED WERE: (1) NEED FOR A MECHANISM TO GUARANTEE ECONOMIC SECURITY WHICH WOULD ASSURE COMPLIANCE WITH COMMITMENTS AND KEEP STATES FROM EXERCIZING COERCIVE ECONOMIC POWER; (2) NEED FOR U. S. TO CHANGE ITS VIEW OF CONFRONTATION AND NEGOTIATION SO THAT SCCN CAN HAVE POSITIVE RESULTS; (3) SPECIFIC CALL FOR VOTING EQUALITY IN IDB; AND, (4) SUGGESTION THAT EXPERIENCE OF ORGANIZATIONS OF OIL AND COPPER PRODUCERS MAY PROVIDE GUIDELINES FOR HOW LATIN AMERICA SHOULD APPROACH PRODUCTION AND EXPORT OF ITS BASIC COMMODITIES. ALTHOUGH PERU PRESENTED AND DISCUSSED LENGTHY LIST OF ISSUES, NO SPECIFIC DETAILED PROPOSAL WAS OFFERED. FOLLOWING ARE HIGHLIGHTS OF PERUVIAN STATEMENT.

2. PHILOSOPHICAL FRAMEWORK

STUDY OF INTER- AMERICAN COOPERATION NEEDS TO ADAPT TO WORLD AND REGIONAL PARAMETERS, RECOGNIZE CONVERGENCES BUT FOCUS ON U. S. LATIN AMERICAN DIFFERENCES, REFLECT PLURALITY OF IDEOLOGIES AND THE VALIDITY OF NEW AND VARYING DEVELOPMENT PATTERNS. PERU'S POSITION AND SUBSEQUENT RECOMMENDATIONS WILL DRAW UPON RESULTS OF CECLA IN MEXICO, THE BOGOTA CIES RESOLUTION, VINA DEL MAR CONSENSUS, AND ASSORTED RESOLUTIONS AND INITIATIVES IS THE UN ON ECONOMIC SECURITY AND THE ENVIRONMENT.

3. SUBSTANTIVE ISSUES

A. AREAS OF POSSIBLE U. S. LA DIFFERENCES
DETERIORATION OF MULTILATERAL PRINCIPLE IN IFI'S ESPECIALLY IDB; U. S. "REFUSAL" TO USE SCCN AS GENUINE CONSULTATION AND NEGOTIATION VEHICLE (PERUVIAN DELEGATE ARGUED THAT CONFRONTATION WAS NECESSARY AND APPROPRIATE, AND COULD PRODUCE POSITIVE RESULTS); INSUFFICIENCY OF DC FINANCIAL TRANSFERS TO LDC'S, INCLUDING SHORTFALLS ON U. S. COMMITMENTS UNDER THE ALLIANCE FOR PROGRESS; EXCESSIVE IMPORTANCE OF MNC'S IN NATIONAL ECONOMIES AND GROWING FRICTIONS INVOLVING FOREIGN PRIVATE INVESTMENT; MONETARY PROBLEMS, SDR'S AND ASSISTANCE LINKS; USE OF ECONOMIC COERCION BY U. S. WHICH ADVERSELY AFFECTS NATIONAL LIMITED OFFICIAL USE

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SOVEREIGNTY AND DEVELOPMENT PROGRESS; NEED FOR A MECHANISM AND MACHINERY TO GUARANTEE ECONOMIC SECURITY; ORGANIZATION OF PRODUCERS OF BASIC COMMODITIES ALONG LINES OF COPPER AND OIL PRODUCERS; REGIONAL TRADE PREFERENCES; USE OF MEANS OUTSIDE INTER- AMERICAN SYSTEM TO ADVANCE LA INTERESTS (CECLA, ANDEAN GROUP, CACM, GROUP OF 77); GROWING U. S. PROTECTIONISM; AND, U. S. "DOLLAR CRISIS"

(WITH ADVERSE IMPACT ON LATIN RESERVES).

B. OTHER MATTERS FOR SPECCOM STUDY
DECREASING PERCENTAGE LA PARTICIPATION IN WORLD TRADE;
HIGH RATE OF POPULATION GROWTH; URBANIZATION; ENVIRONMENT
(ALONG SELECTED LINES OF STOCKHOLM CONFERENCE).

4. GENERAL SUBCOMMITTEE HEARD LEAD- OFF PRESENTATION
BY PERUVIAN AMB LLOSA ON " PRINCIPLES OF A NEW INTER-
AMERICAN SYSTEM". WITH DRY, ACADEMIC METHODOLOGY,
LLOSA ARGUED THAT FUNDAMENTAL PRINCIPLE SHOULD BE
STATES' S RIGHT TO SELF- PRESERVATION, NOT ONLY IN
POLITICO- ECONOMIC SENSE BUT ALSO AGAINST CULTURAL,
PSYCHOLOGICAL, AND IDEOLOGICAL AGGRESSION. INTERJA
AMERICAN PRINCIPLES SHOULD BE THOROUGHLY REVISED TO
ENSURE THEY PLOWED FROM THIS FUNDAMENTAL, RETAINING
SOME, DROPPING SOME, BORROWING SOME FROM OTHER FORUMS,
AND CREATING NEW ONES WHERE NECESSARY. WITHOUT REFERRING
DIRECTLY TO PERUVIAN' S HEAVILY- LOADED SHOPPING LIST OF
" NEW PRINCIPLES", AMB JOVA RECOMMENDED CAUTION, NOTING
THAT IF PRINCIPLES WERE TO BE GENUINELY VALID GUIDEPOSTS
FOR SYSTEM THEY WOULD REQUIRE SUPPORT OF ALL ITS MEMBERS.

5. SALIENT FEATURE OF THIRD COMMITTEE (STRUCTURE AND
MANAGEMENT) WAS ALSO UNANIMOUS REBUFF BY DELEGATES TO
PERUVIAN PROPOSAL THAT THIS COMMITTEE NOT BEGIN ITS WORK
UNTIL " AGREEMENT" REACHED ON PRINCIPLES. INTERESTING
ALLIANCE OF GUATEMALA, CHILE, URUGUAY, BRAZIL AND PANAMA
LET LOOSE A CERTAIN AMOUNT OF VEILED RESENTMENT TOWARD
WHAT APPEARED TO THEM TO BE PERUVIAN EFFORT TO DICTATE
WAY IN WHICH CONFERENCE WOULD WORK.

6. COMMENT

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PERUVIAN DELEGATES THUS ECHOED
THEME THAT ESSENTIAL FUNCTION OF INTER- AMERICAN SYSTEM
IS TO HANDEL AND NEGOTIATE PROBLEMS ARISING FROM
U. S. LATIN CONFLICTS AND DIFFERENCES. REMAINS TO BE
SEEN WHETHER THIS OR WIDER ROLE IS PURSUED BY SPECCOM.
BELCHER

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